



U.S. Immigration  
and Customs  
Enforcement

PROTECTING NATIONAL SECURITY AND UPHOLDING PUBLIC SAFETY



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## **Leader of million-dollar scam pleads guilty to immigration violations, tax evasion**

***Company was paid more than \$54 million;  
must return at least \$16 million to U.S.  
government***

GRAND RAPIDS, Mich. - The former president of RCI Inc. entered a guilty plea here on Wednesday to charges arising from operating a nationwide cleaning service that was unlawfully staffed mostly with illegal aliens. This plea was announced by U.S. Attorney Charles R. Gross, Western District of Michigan; the case was investigated by U.S. Immigration and Customs Enforcement (ICE), and the Internal Revenue Service's Criminal Investigation Division (IRS-CI).



Richard Rosenbaum, 61, formerly of Longwood, Fla., pleaded guilty to conspiring to defraud the United States and harboring illegal aliens. He will pay restitution to the United States an amount expected to exceed \$16 million. Rosenbaum also agreed to forfeit bank accounts, life insurance policies, and currency totaling more than \$1.1 million.

Rosenbaum was charged in February with 23 counts, along with two other Florida residents, with conspiring to defraud the United States, harboring illegal aliens for profit, and evading payment of federal employment taxes.

According to court documents, the three operated a cleaning and grounds maintenance service that contracted with theme restaurant chains and hospitality venues throughout

the United States, including Michigan, which was staffed primarily with illegal aliens. In addition to the Grand Traverse Resort and Spa in Acme, Mich., RCI clients included: the House of Blues, Planet Hollywood, Hard Rock Café, Dave and Busters, Yardhouse, ESPN Zone, and the China Grill. These clients paid RCI more than \$54 million between 2001 and 2005.

Court documents also stated that RCI failed to collect and pay federal income, Social Security, Medicare, and federal employment taxes on the wages paid to its workforce. RCI evaded paying more than \$18.6 million in employment taxes. Additionally, the indictment states that Rosenbaum, Edward Scott Cunningham and Christina Flocken expended 63 percent of these funds operating RCI and divided the remaining 37 percent among themselves. Most of the money was used by Rosenbaum to support an extravagant lifestyle.

To date, the following four individuals have pleaded guilty in the case against RCI:

- Santiago Echaniz, former Supervisor, pleaded guilty to harboring illegal aliens and making false statements;
- Olfmara Maltos-Trevino, former employee, pleaded guilty to aiding and abetting unlawfully employing illegal aliens;
- Miguel Martinez-Garcia, former employee, pleaded guilty to aiding and abetting unlawfully employing illegal aliens;
- Janie Schlagel, a former State of Michigan employee, also pleaded guilty to a two-count indictment charging trafficking in means of identification.

"You might ask 'Is this a case about criminal employers or criminals who are employers?'" said Brian M. Moskowitz, special agent in charge of the ICE Office of Investigations for Michigan. "The reality in this case is that they are one in the same. Mr. Rosenbaum blatantly, egregiously and criminally abused our immigration system and our tax laws for the purpose of financial gain. This case should send a clear and unmistakable message to employers that there is a high cost to pay for these crimes."

"This case is an outstanding example of the cooperative efforts of federal law enforcement agencies," said U.S. Attorney Charles R. Gross. "The prosecutors assigned to this case inform me that the success of this investigation is due, not just to the exceptional professionalism and diligence of the individual case agents, but also to the remarkable working relationship between ICE and IRS-CI."

Rosenbaum has remained in federal custody since he was arrested in February, after it was discovered that he intended to flee the United States to avoid prosecution. He will remain in custody until his sentencing, which has not yet been scheduled.

Assistant U.S. Attorneys Hagen W. Frank and Mathew W. Borgula, Western District of Michigan, prosecuted this case.

U.S. Immigration and Customs Enforcement (ICE) was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of five integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.